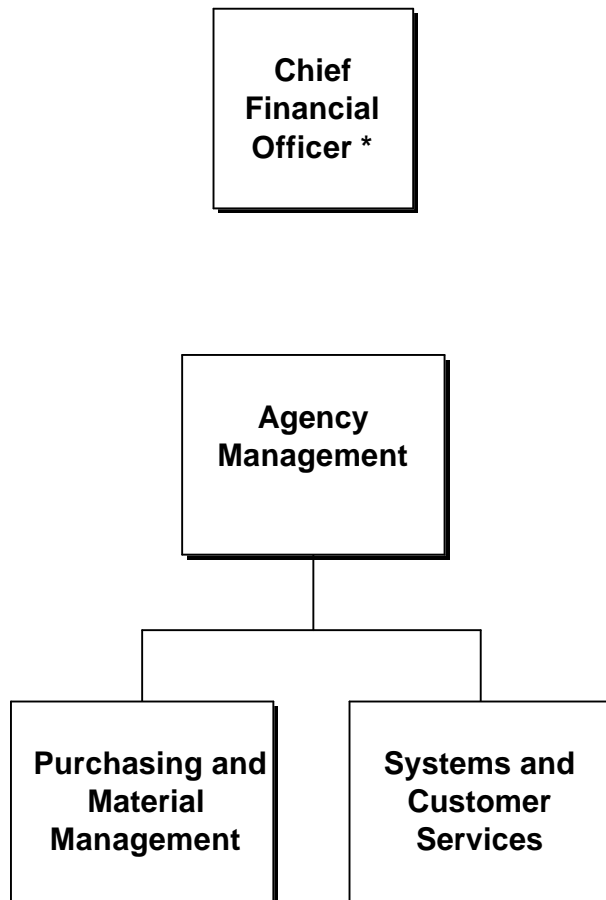


DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT



* The Chief Financial Officer has responsibility for strategic direction and oversight of this agency; however, for budget purposes, this position and associated funding are reflected within the Department of Management and Budget.

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Agency Position Summary

52 Regular Positions (-5) / 52.0 Regular Staff Years (-5.0)

Position Detail Information

AGENCY MANAGEMENT

1 Director
2 Management Analysts III
2 Administrative Assistants IV
3 Administrative Assistants III
3 Administrative Assistants II
11 Positions
11.0 Staff Years

PURCHASING AND MATERIAL MANAGEMENT

1 Deputy Director
2 Purchasing Supervisors
10 Buyers II
2 Buyers I
0 Assistant Buyer (-1)
1 Property Management Supervisor
0 Electronic Equipment Technician II (-1)
1 Warehouse Supervisor
1 Warehouse Specialist
0 Material Requirements Specialist (-1)
1 Administrative Assistant III
0 Storekeepers (-2)
7 Warehouse Worker-Drivers
1 Management Analyst III
27 Positions (-5)
27.0 Staff Years (-5.0)

SYSTEMS AND CUSTOMER SERVICES

1 Management Analyst IV
1 Management Analyst III
2 Inventory Management Supervisors
1 Business Analyst III
1 Business Analyst II
1 Business Analyst I
1 Network Telecommunications Analyst I
1 Information Technology Technician I
1 Administrative Assistant V
1 Administrative Assistant IV
1 Property Auditor
2 Management Analysts II
14 Positions
14.0 Staff Years

(-) Denotes Abolished Position

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Agency Mission

To provide overall centralized material management and policies with decentralized implementation, emphasizing central policy control and selected delegation of tasks. This includes purchasing, warehousing and distribution, mainframe purchasing system administration, procurement assistance and compliance programs, and excess and surplus property management, for the County government and Fairfax County Public Schools (FCPS), and such ancillary authorities as may be designated. To operate a centralized purchasing function in accordance with the Code of Virginia, the Fairfax County Purchasing Resolution, and generally accepted purchasing practices. To support the Board of Supervisors' Small Business Enterprise (SBE) Program.

Agency Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	59/ 59	57/ 57	57/ 57	52/ 52	52/ 52
Expenditures:					
Personnel Services	\$2,727,861	\$2,827,377	\$2,887,649	\$2,798,046	\$2,775,237
Operating Expenses	869,657	1,183,291	1,132,900	1,251,054	1,245,554
Capital Equipment	0	0	0	0	0
Total Expenditures	\$3,597,518	\$4,010,668	\$4,020,549	\$4,049,100	\$4,020,791
Income:					
Contract Rebates	\$173,400	\$132,000	\$187,500	\$202,100	\$202,100
Total Income	\$173,400	\$132,000	\$187,500	\$202,100	\$202,100
Net Cost to the County	\$3,424,118	\$3,878,668	\$3,833,049	\$3,847,000	\$3,818,691

Summary by Cost Center					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Agency Management	\$562,488	\$672,103	\$696,089	\$645,135	\$640,951
Purchasing & Material Management	1,680,145	1,816,565	1,730,314	1,697,313	1,684,156
Systems & Customer Services	1,354,885	1,522,000	1,594,146	1,706,652	1,695,684
Total Expenditures	\$3,597,518	\$4,010,668	\$4,020,549	\$4,049,100	\$4,020,791

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:

- ◆ A decrease of \$22,809 reflects reduced funding for the Pay for Performance program. Based on the approved 25 percent reduction, the FY 2004 program will result in reductions in the increases employees will receive based on their performance rating, capping employees to a maximum of 5.25 percent. This adjustment leaves in place the Pay for Performance program in preparation for system redesign for FY 2005.
- ◆ A decrease of \$5,500 for PC Replacement charges based on the reduction in the annual contribution for PC replacement by \$100 per PC, from \$500 to \$400.

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this agency.

County Executive Proposed FY 2004 Advertised Budget Plan

Purpose

To secure high quality goods and services at reasonable cost, while ensuring that all purchasing actions are conducted in a fair and impartial manner with no impropriety or appearance thereof, that all qualified vendors have access to County business, that procurement procedures involve openness and administrative efficiency, and that the maximum feasible degree of competition is achieved.

To manage all supplies and equipment, except as excluded by formal agreement between the County and other public bodies. This includes inventory management of consumable supplies, disposition of excess and surplus property, and the physical accountability of fixed assets.

Key Accomplishments

- ◆ Received a National Association of Counties National Achievement Award for the Procurement Revenue Generation Program, which produced \$370,290 in revenue from contract rebates, an increase of \$68,710 over FY 2001. (A portion of the revenue is shared with the Fairfax County Public Schools based on their participation in the program.)
- ◆ Conducted 22 procurement assistance reviews; no significant compliance issues were detected.
- ◆ Piloted an electronic document management and imaging system for the Department of Purchasing and Supply Management (DPSM) contract files.
- ◆ Implemented an automated Notice of Solicitation (NOS) system that sends NOS letters to vendors directly from the mainframe purchasing system via email or U.S. mail, streamlining a formerly manual process.
- ◆ Developed an email list service to notify subscribers of newly awarded contracts. Previously, limited notification was accomplished via interoffice mail.

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

- ◆ Networked Xerox digital multifunctional devices to allow DPSM staff to fax documents and print multiple copies of large documents directly from desktop.
- ◆ Developed capability to pay the office supply contractor, Office Depot, with the procurement card.
- ◆ Established a “premier page” with Dell Computer Corporation that will greatly simplify the process of ordering PC’s and servers. Also, established an on-line ordering capability with W. W. Grainger. Both of these systems replicate the ease and efficiency of ordering office supplies on-line from Office Depot.
- ◆ Developed an access database to manage the distribution of Request for Proposal and Invitation for Bid documents and to record the receipt of responses (proposals and bids).
- ◆ Evaluated numerous systems for on-line vendor registration, electronic bidding, and e-mail capabilities in preparation for utilizing these systems in the near future.

FY 2004 Initiatives

- ◆ As lead jurisdiction, re-establish a national manufacturer and distributor contract for personal computers and establish a national transportation contract for the Government Purchasing Alliance (GPA). The GPA is a national organization sponsored by the National Association of Counties, National League of Cities, U.S. Conference of Mayors and the National Institute of Governmental Purchasing.
- ◆ Develop a web-based vendor application form to provide self-registration and self-maintenance of the database, and enhance the process of collecting vendor performance data.
- ◆ Enhance the County’s corporate procurement and financial management systems by web-enabling the applications through the employment of browser and webMethods technologies.
- ◆ Discontinue the County and Fairfax County Public Schools proprietary commodity/service identification numbers for vendor registration and bidders list generation in lieu of a commercially available, universally accepted commodity/service code.
- ◆ Develop fax capability for Notices of Solicitation to complement the existing e-mail and U.S. mail process.
- ◆ Enhance the internet Contract Register by incorporating Notices of Award into the database and improving search capability.
- ◆ Participate in a pilot e-procurement portal.
- ◆ Develop electronic bidding capability.
- ◆ Fully implement the electronic document management and imaging system for contract files and property records.
- ◆ Develop and implement a “Contract Administration” training course for program staff that addresses the rules and responsibilities of the contracting function.
- ◆ Continue to sponsor and deliver monthly workshops, “Doing Business with the County of Fairfax” and “Blueprint to Bidding,” in conjunction with the Fairfax County Small Business Commission. The workshops are part of continued outreach programs, intended to maximize prime and subcontract opportunities for small and minority-owned businesses.

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

- ◆ Utilize established formal solicitation timeline standards as performance measures for all solicitations. These standards will be published to establish customer expectations and build an understanding of the critical phases in the process.

FY 2004 Budget Reductions

As part of the FY 2004 Advertised Budget Plan, reductions totaling \$208,677 and 5/5.0 SYE positions are proposed by the County Executive for this agency. These reductions include:

- ◆ Reduction of \$121,811 and 3/3.0 SYE positions in the Central Stores Operation. The Central Store is used to provide central acquisition and inventory management support of supply and equipment items sold to County agencies. The impact of this reduction is that there may be increased inventory costs and delayed response times as a result of the decentralization and replication of supply and material ordering, acquisition, and distribution functions. Agencies (with the largest users being the Fire and Rescue Department, HAZMAT clean-up, the Park Authority, and the Health Department) that previously relied upon Purchasing and Supply Management to provide these functions will now be required to individually perform them.
- ◆ Reduction of \$48,020 and 1/1.0 SYE position due to the elimination of the Equipment Repair Program. Agencies will be required to contract with outside vendors to repair office and computer equipment and to absorb these repair costs in their baseline budgets.
- ◆ Reduction of \$38,846 and 1/1.0 SYE position by increasing limits on the amount of Small Order and Purchase Card (P-Card) transactions. This change will result in increased flexibility for agencies but will require additional audit documentation and will require greater vigilance to ensure that abuses do not occur.

Performance Measurement Results

In FY 2002, the Department of Purchasing and Supply Management achieved all but one of the department's performance outcome targets, just missing the 92 percent target for completing purchase requisitions against a valid contract in ten days. The absence of valid protests submitted indicates the professionalism and quality of the procurement program. In FY 2002, the Department maintained the cost to purchase \$100 of goods and services at less than \$0.50 for the fifth straight year with diminishing resources and a steadily increasing value of procurement transactions. This indicator demonstrates the return on investment in information technology innovations and overall program efficiency.

Each year, the Department of Purchasing and Supply Management conducts a Customer Satisfaction Survey. In response to customer concerns about the time requirements for the formal solicitation process, an outcome measure was developed to capture information about the process. The objective targets completion of 95 percent of all formal solicitations within the department's established standard. The Department was able to exceed this goal in FY 2002.

Rebate revenues generated through the procurement card program and the various contracts awarded under the auspices of the National Association of Counties and the U.S. Communities organization, including the Office Depot contract, grew to \$370,290 in FY 2002 and are anticipated to increase to \$427,200 by FY 2004. The increased revenue in this area is the result of expanding sales volume and increased participation by other local governments taking advantage of the Government Purchasing Alliance contracts made available through U.S. Communities.

In FY 2002, the Department of Purchasing and Supply Management was again successful in meeting the objective of maintaining a fixed and consumable inventory tracking accuracy rate of at least 98 percent. This measure reflects the reliability of data reported into the inventory databases and the quality of the program oversight.

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Finally, in FY 2004, the Department of Purchasing and Supply Management has introduced a new outcome measure to better capture and report the Department's success in migrating the paper-based procurement transactions to electronic commerce. The target for FY 2004 is to transmit over 75 percent of all procurement transactions through electronic data interchange, Internet orders, and procurement card orders.

Funding Adjustments

The following funding adjustments from the FY 2003 Revised Budget Plan are necessary to support the FY 2004 program:

- ◆ An increase of \$162,879 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ A decrease of \$192,210 in Personnel Services and 5/5.0 SYE positions as part of the proposed reductions for this agency made by the County Executive.
- ◆ An increase of \$84,230 in Operating Expenses based on the FY 2004 funding level for PC Replacement charges, Information Technology infrastructure charges, and DVS charges.
- ◆ A decrease of \$16,467 in Operating Expenses based on the proposed reductions for this agency made by the County Executive.
- ◆ A decrease of \$9,881 in Operating Expenses not required in FY 2004 due to the one-time carryover of encumbered funds in FY 2003.

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan since the passage of the FY 2003 Adopted Budget Plan. Included are all adjustments made as part of the FY 2002 Carryover Review and all other approved changes through December 31, 2002:

- ◆ As part of the FY 2002 Carryover Review, an increase of \$9,881 in encumbered Operating Expenses.



Agency Management

Cost Center Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	12/ 12	11/ 11	11/ 11	11/ 11	11/ 11
Total Expenditures	\$562,488	\$672,103	\$696,089	\$645,135	\$640,951

Goal

To provide overall centralized material management and policies with decentralized implementation, emphasizing central policy control and selected designation of tasks. This includes purchasing, warehousing and distribution, mainframe purchasing system administration, procurement assistance and compliance programs, and excess and surplus property management for the County government and the Fairfax County Public Schools (FCPS) and other ancillary authorities. To operate a centralized purchasing function in accordance with the Code of Virginia, the Fairfax County Purchasing Resolution, and generally accepted purchasing practices. To support the Board of Supervisors' Small Business Enterprise (SBE) Program.

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Performance Measures

Objectives

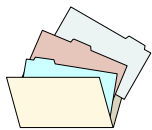
- ◆ To maintain the percentage of formal contract actions awarded without valid protest or legal actions at 98 percent or better.
- ◆ To maintain the cost of procuring \$100 worth of goods or services at \$0.50 without a degradation of service.
- ◆ To increase the dollar value of contracts awarded to small and minority businesses from 32 percent to 36 percent toward a target of 40 percent.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate/Actual	FY 2003	FY 2004
Output:					
Formal contractual actions processed	647	779	750 / 677	700	675
Value of purchase orders, procurement card, and Internet transactions processed (millions)	\$381.1	\$388.8	\$396.0 / \$429.7	\$404.0	\$457.2
Small and minority businesses registered (1)	NA	NA	NA / 820	900	990
Total dollars awarded to small and minority businesses (millions) (1)	NA	NA	NA / \$125	\$131	\$144
Efficiency:					
Cost per formal contractual action	\$72	\$66	\$61 / \$68	\$66	\$69
Cost per \$100 of goods or services procured	\$0.47	\$0.47	\$0.50 / \$0.41	\$0.50	\$0.50
Average cost to recruit small and minority businesses (1)	NA	NA	NA / \$58.0	\$54.0	\$50.0
Average cost to educate and assist small and minority businesses (1)	NA	NA	NA / \$95.0	\$89.0	\$85.0
Service Quality:					
Percent of contractual actions receiving valid protest	0.2%	0.1%	0.2% / 0.0%	2.0%	2.0%
Percent of customers indicating satisfaction with service	97%	93%	95% / 95%	95%	95%
Percent of small and minority businesses rating workshops as satisfactory or better (1)	NA	NA	NA / 85.0%	85.0%	90.0%

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate/Actual	FY 2003	FY 2004
Outcome:					
Percent of formal contractual actions awarded without valid protest	99.8%	99.9%	98.0% / 100.0%	98.0%	98.0%
Percent change in cost to procure \$100 of goods or services	(2.5%)	0.0%	0.0% / (12.0%)	0.0%	0.0%
Percent of dollar value of contracts awarded to small and minority businesses (1)	NA	NA	NA / 31.5%	32.0%	36.0%

(1) The measures pertaining to the percent of contracts awarded to small and minority businesses is new starting in FY 2002. Prior year data is not available.



Purchasing and Material Management

Cost Center Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	33/ 33	32/ 32	32/ 32	27/ 27	27/ 27
Total Expenditures	\$1,680,145	\$1,816,565	\$1,730,314	\$1,697,313	\$1,684,156

Goal

To acquire goods and services for County agencies and Fairfax County Public Schools (FCPS) at an optimum combination of price, quality, and timeliness; to provide central warehouse services of storage, distribution, and supply to County agencies in a timely manner and in accordance with generally accepted professional material management standards; and to redistribute excess property generated by County activities to avoid costs and dispose of surplus property generated by the County and FCPS in a timely manner, while maximizing return.

Performance Measures

Objectives

- ◆ Complete 94 percent of purchase requisitions (PR) against a valid contract within 10 days toward a target of 98 percent.
- ◆ To complete (from issue to award) 95 percent of all formal solicitations processed within the DPSM established standard.

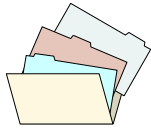
DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate/Actual	FY 2003	FY 2004
Output:					
Purchase requisitions converted to purchase orders (1)	6,256	6,101	6,000 / 5,977	6,000	5,850
Active contracts	NA	NA	NA / 2,034	2,034	2,030
Contractual actions processed	647	779	750 / 677	700	675
Efficiency:					
Purchase requisitions converted to purchase orders per buyer staff	481	469	460 / 460	461	488
Active contracts managed per buyer staff	NA	NA	NA / 156	156	169
Formal solicitations managed per buyer	49	60	55 / 52	54	56
Service Quality:					
Percent satisfaction with the process to acquire goods and services based on annual customer satisfaction survey (2)	93%	85%	95% / 92%	95%	95%
Percent satisfaction with timeliness of process to establish a contract (2)	78%	75%	90% / 70%	90%	80%
Outcome:					
Percent of requisitions completed within 10 days	87.1%	90.7%	92.0% / 91.0%	94.0%	94.0%
Percent of formal solicitations completed within the established procurement schedule	NA	NA	95% / 96%	95%	95%

(1) Purchase requisition to purchase order conversion trend reflects increased activity in use of procurement card.

(2) Customer Satisfaction Survey issued to all customers in even years and to a sample of customers in odd years.

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT



Systems and Customer Services

Cost Center Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	14/ 14	14/ 14	14/ 14	14/ 14	14/ 14
Total Expenditures	\$1,354,885	\$1,522,000	\$1,594,146	\$1,706,652	\$1,695,684

Goal

To provide system management and administration to all County and FCPS users of the mainframe-based *County and Schools Procurement System* (CASPS) necessary to effectively meet their business mission; provide management and technical oversight of the Department's Local Area Network (LAN); provide procurement assistance and Procurement Opportunities List registration support to the County's vendor/business community; and provide centralized assistance and oversight to the County/FCPS inventory management, procurement, and property accountability/fixed asset program managers.

Performance Measures

Objectives

- ◆ To accurately track and maintain the County's consumable and fixed assets inventories, maintaining an accuracy rate of at least 96 percent.
- ◆ To increase the use of electronic commerce (Electronic Data Interchange (EDI), Internet ordering, and procurement card) for delivering orders to vendors with a target of delivering more than 75.7 percent of the orders via electronic commerce and achieving 95 percent of rebates.
- ◆ To maintain the percent of help desk calls closed in one day or less at 90 percent.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate/Actual	FY 2003	FY 2004
Output:					
Line items carried in consumable inventory account	18,585	17,100	17,000 / 17,250	16,900	16,800
Fixed assets in the Capital Equipment Account (1)	7,259	7,260	7,750 / 7,851	13,800	15,000
Small Purchase Orders and Purchase Orders sent via EDI	3,765	3,219	3,300 / 3,236	2,900	2,450
Percent of office supply orders submitted via Internet	47%	58%	80% / 67%	62%	69%
Value of procurement card purchases (in millions)	\$23.6	\$26.7	\$27.5 / \$31.3	\$30.5	\$32.6
Rebates and incentives received	\$271,000	\$301,000	\$327,000 / \$370,290	\$359,000	\$427,200
Assistance/help desk calls received/processed	1,102	882	800 / 657	700	600

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate/Actual	FY 2003	FY 2004
Efficiency:					
Cost per line item to maintain consumable inventory accuracy of at least 95 percent	\$3.66	\$4.14	\$4.27 / \$3.96	\$4.05	\$4.07
Cost per fixed asset to maintain at least 95 percent inventory accuracy	\$14.84	\$14.77	\$14.26 / \$13.23	\$7.52	\$6.92
Cost per \$1 of rebate received	\$0.20	\$0.26	\$0.23 / \$0.20	\$0.21	\$0.17
Average time to close each help desk call answered (hours) (2)	2.4	13.5	12.0 / 6.5	11.0	6.5
Service Quality:					
Percent of customers rating consumable inventory tracking as satisfactory or better (3)	97%	86%	95% / 92%	95%	95%
Percent of customers satisfied with the procurement card program (3)	98%	100%	98% / 91%	98%	98%
Percent of customers rating help desk as satisfactory or better (3)	85%	100%	98% / 90%	98%	98%
Outcome:					
Percent of consumable items accurately tracked	97%	98%	98% / 98%	98%	96%
Percent of fixed assets accurately tracked	100%	100%	98% / 100%	98%	98%
Percent of rebates achieved relative to plan	178%	80%	95% / 113%	95%	95%
Percent of orders transmitted via Electronic Commerce	NA	NA	NA / 70.8%	70.9%	75.7%
Percent of help desk calls closed in one day or less	87%	85%	90% / 87%	90%	90%

(1) Increase in fixed assets in FY 2003 is due to the inclusion of Capital Equipment for the Fairfax County Public Schools.

(2) In FY 2001, DPSM transitioned from a manual call collection system to Quintus, an automated system. The Quintus recording method operates on a 24-hour clock, which includes non-working hours.

(3) Customer Satisfaction Survey issued to all customers in even years and to a sample of customers in odd years.